MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016/2017

DMG5038 – MANAGEMENT ACCOUNTING

(For Diploma Students Only)

26 May 2017
3.00 P.M. – 5.00 P.M.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **7** pages with **5** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

Question 1

Part A

O&G Fabricator makes steel structures used in the oil and gas industry. Jane Salazar, the controller of O&G Fabricator provides you with the following data for the accounting period ending 31 December 2016:

Beginning raw materials inventory	RM 15,000
Beginning WIP inventory	32,000
Beginning finished goods inventory	8,200
Ending raw materials inventory	13,500
Ending WIP inventory	25,000
Ending finished goods inventory	10,300
Sales revenue	400,000
Purchases of raw materials	86,000
Payments for direct labour costs	134,500
Factory overhead charged to products	67,250
Other expenses	95,000

Instructions:

a) Prepare a schedule of cost of goods manufactured for the accounting period. (6 marks)

b) Prepare an income statement for the accounting period. (5 marks)

Part B

An airplane manufacturer incurred the following costs:

Airplane seats	RM 250,000
Depreciation on administrative offices	60,000
Assembly workers' wages	600,000
Plant utilities	120,000
Production supervisors' salaries	100,000
Jet engines	1,000,000
Machine lubricants	15,000
Cost of warranty repairs	225,000
Machine operators' health insurance	40,000
Total costs	RM 2,410,000

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Instructions:

a) Classify the costs into: direct materials, direct labour, manufacturing overhead and period costs. (4.5 marks)

b) Calculate:

i. Direct material cost

ii. Direct labour cost

iii. Total manufacturing overhead costs (4.5 marks)

[Total: 20 marks]

Question 2

Natural Fertilizer makes organic compost from commodity and agricultural waste. The production process begins by shredding all of the collected waste into a compost mixture. In a series of steps, the compost mixture is converted into finished fertilizers that are then bagged and sold. Natural Fertilizer incurs conversion costs uniformly throughout the process.

Natural Fertilizer shut down its production plant for a major maintenance during October 2016 and began November 2016 with zero inventory of finished organic compost. Natural Fertilizer started 645,000 pounds of material into production in early November 2016 and had 95,000 pounds still in process at the end of the month. Natural Fertilizer estimates the ending work in process inventory to be 20 percent complete with respects to conversion costs. During November 2016, Natural Fertilizer spent RM 1,935,000 on materials and RM 1,024,200 on conversion costs.

Instruction:

Prepare a production cost report for the month of November 2016. (19 marks)

[Total: 19 marks]

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Question 3

Part A

Hamilton Feeders manufactures bird feeders. In September 2016, Hamilton Feeders received an order from Taman Burung Melaka for 24 platform bird feeders. The order from Taman Burung Melaka became Job 1102 at Hamilton Feeders.

A materials requisition for Job 1102 is presented as follows:

Material Requisition Form #1250				
Date: 14/9				
Job no.: 1102				
Part No.	**Description**	**Quantity**	**Unit Cost**	**Amount**
WOCD06	*Meranti* planks	44	RM 25	
SSF0304	Stainless steel fasteners	84	1	
AS222	Reinforced aluminium screens	28	2	

The labour time records for the week that these feeders were made are presented below. Other products were also being produced during that week, so not all of the labour costs belongs to Job 1102.

Labour Time Record					
Employee name: Kumar				Week: 14-20 September	
Wage rate: RM 6/hour				Record no.: 912	
Date	**Job No.**	**Start Time**	**End Time**	**Hours**	**Cost**
14/9	1101	0900	1200		
14/9	1102	1200	1700		
15/9	1103	0900	1100		

Labour Time Record					
Employee name: Ali				Week: 14-20 September	
Wage rate: RM 14/hour				Record no.: 913	
Date	**Job No.**	**Start Time**	**End Time**	**Hours**	**Cost**
14/9	1102	0800	1200		
14/9	1103	1200	1600		

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Instructions:

Calculate:

i. Direct materials cost (5 marks)

ii. Direct labour cost (3.5 marks)

iii. Manufacturing overhead cost (Predetermined overhead rate is set at RM 2 per direct labour hour) (1 mark)

iv. Total product costs (2 marks)

v. Product cost per unit (1 mark)

Part B

Walters Woodworks manufactures jewellery boxes. Direct materials and direct labour are traced directly to the products. Manufacturing overhead costs are allocated based on machine hours. Data on annual costs for 2016 are presented below:

	Budget	Actual
Machine hours	24,000 hours	32,000 hours
Costs:		
Maintenance labour (equipment repairs)	RM 11,000	RM 24,500
Plant supervisor's salary	42,000	45,000
Screws, nails and glue	29,000	44,000
Plant utilities	48,000	92,850
Freight-out costs	34,000	49,500
Depreciation – plant and equipment	82,000	81,000
Advertising expenses	42,000	58,000

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Instructions:

Calculate:

i. Predetermined overhead rate (Round your answer to two decimal points). (3.5 marks)

ii. The amount of over-/under-applied overhead. (5 marks)

[Total: 21 marks]

Question 4

Part A

Samson Foods produces specialty chocolates that are sold to hotel chains for RM 50 per case. For the first quarter 2017, Samson Foods is projecting the following sales:

	January	February	March
Cases of chocolates	5,000	4,500	5,700

The budgeted cost of manufacturing each case is RM 25. Operating expenses are projected to be RM 60,000 in January, RM 53,000 in February and RM 65,000 in March.

Instructions:

a) Calculate cost of goods sold and net income for the months of January, February and March. (9 marks)

b) Prepare a budgeted income statement for the first quarter 2017. (3 marks)

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Part B

Whirlpool installed nine pools during May 2017. The actual sales price in May 2017 is RM 12,000 per pool with actual variable expenses and actual fixed expenses totaled RM 61,000 and RM 19,000, respectively. The master budget for May 2017 was prepared with the following assumptions: variable cost RM 8,000 per pool, fixed expenses RM 20,000 per month and anticipated sales volume of eight pools at RM 12,000 per pool.

Instruction:

Prepare an income statement performance report for Whirlpool for May 2017. (13 marks)

[Total: 25 marks]

Question 5

Part A

Airborne Travel uses the contribution margin income statement internally. Airborne Travel's first quarter results are as follows:

Airborne Travel	
Contribution Margin Income Statement	
For first quarter ended 31 March 2017	
Sales revenue	RM 318,500
Less: variable expenses	129,000
Contribution margin	RM 189,500
Less: fixed expenses	179,000
Net income	RM 10,500

Airborne Travel's relevant range is between sales of RM 201,000 and RM 463,000.

Instructions:

a) Prepare contribution margin income statements based on the lowest and highest levels of the relevant range. (5 marks)

b) Compute the break-even sales (Round your answer to the nearest RM). (2 marks)

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Part B

Turner, Inc. budgeted 10,000 widgets for production during 2016. Turner has capacity to produce 12,000 units. The following estimated costs were provided:

Direct materials (RM 6 per unit)	RM 60,000
Direct labour (RM 15 per hour x 2 hours per unit)	300,000
Variable manufacturing overhead (RM 3 per unit)	30,000
Fixed manufacturing overhead (RM 4 per unit)	40,000

Instruction:

Turner received an order from a new customer who offers to purchase 1,000 widgets for a price of RM 41 per widget. Should Turner accept the order? (8 marks)

[Total: 15 marks]

[Grand Total: 100 marks]

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